

Massachusetts Communities Action Network

1773 Dorchester Avenue

Boston, MA 02124

(617) 822-1499

Testimony in Support of Ordinance for Amending the Municipal Banking Commission and Providing for Responsible Banking Practices for the City of Boston 12/10/10

We are writing in support of the ordinance to provide standards for the deposit of city funds in area banks and to encourage banks to meet community investment goals.

This is the taxpayers money. Our city can and should take this step to insure that the bank getting the benefit of these deposits is actually well serving the community in terms of access and terms of credit and banking services.

We are concerned about the very poor rate of the national banks like Bank of America, JP Morgan Chase, CitiBank, and Wells Fargo in making loan modifications under the federal Homeowner Affordable Mortgage Program (HAMP). This has led to many, many hundreds of thousands of foreclosures needlessly going forward.

Adopting such an ordinance with criteria for community investment including the actual performance rate on making loan modifications would both create incentives for the big banks to do better on this and also if they continue to not do so, lead to taxpayer funds being put into banks that have better records and will put these funds out in credit instruments to local residents.

As you know foreclosures lead to multiple bad outcomes; they hurt homeowner who lose their American Dream of homeowners, in 2-4 family buildings it can also hurt tenants who face either evictions or buildings not being maintained, and it hurts property values and safety in neighborhoods because foreclosed buildings are often not kept up by the foreclosing bank or mortgage company.

The ordinance also supports other community investment goals of access to affordable credit for homeowners, for small businesses, for non-profits, and for banking services that we support too.

Our community improvement organization worked actively for passage of the state foreclosure prevention bill and have worked on trying to get HAMP (Home Affordable Mortgage Program) national foreclosure prevention program

strengthened by the US Treasury.

We appreciate the efforts of Councilor Arroyo to file this ordinance, in Councilor Feeney in hearing this ordinance, and of all the members of the City Council in considering voting to pass it and for the Mayor to consider signing it.